



# **ENVIRONMENTAL, SOCIAL, GOVERNANCE (ESG) POLICY SOLA IMPACT**



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## ESG MISSION

SoLa Impact is a family of social impact real estate funds with a triple-bottom-line strategy focused on preserving, refreshing, and creating high-quality affordable housing in low-income communities. As a vertically-integrated developer, owner, and operator that builds affordable housing predominantly in low-income Black and brown communities – at and beyond today’s sustainability standards – ESG (or environmental, social, governance) is inherent in SoLa Impact’s business model and DNA.

SoLa Impact believes that “making Black and brown (communities) green” is about building and operating sustainable and affordable homes to improve our residents’ quality of life while meeting the return expectations of our investors. SoLa’s core demographics are typically the most vulnerable populations of society making it that much more important to reduce operating expenses and pollution at our properties while connecting them with relevant social impact initiatives.

Our approach to sustainability is aligned with the United Nations’ Sustainable Development Goals (UN SDGs) and the UN Global Compact’s definition of sustainability: “Corporate sustainability is a company’s delivery of long-term value in financial, environmental, social and ethical terms.” Our strategy focuses on monitoring and benchmarking our ESG performance to tangibly demonstrate our leadership in the real estate industry to our stakeholders including but not limited to residents, investors, employees, local nonprofits, and the community at large.

The intent of this document is to outline best practices applicable for acquisitions, development, construction, property management, and corporate operations. These best practices will also be taken into consideration throughout our supply chain, materials procurement, and sourcing vendors.

## ENVIRONMENTAL SUSTAINABILITY PILLARS

SoLa Impact drives triple-bottom line (people, planet, and profit) value in our core communities by implementing our Four Pillar Approach to Environmental Sustainability. We approach ESG with the continuous pursuit of best practices in sustainable real estate and responsible investing and integrate these Pillars holistically throughout our business and investment decisions for the benefit of all stakeholders and communities in which we live, work, and invest.

1. **Sustainable Site Selection and Design:** We carefully select our sites and design our properties using a transit-oriented, urban infill approach.
2. **Sustainable Materials and Methods:** We source materials and deploy methods that minimize our impact on the environment.
3. **Data-Driven Impact Measurement:** We base our sustainability analyses on scientifically sourced, measurable data using ENERGY STAR Portfolio Manager (ESPM) that we leverage to guide our performance and future decisions.
4. **Resident ESG Initiatives:** We engage our residents to foster a sense of community, environmental responsibility, and overall life enhancement.

## SOCIAL IMPACT PILLARS

We base our social impact efforts across four main pillars - Access to Housing, Ownership, Education, and Capital - so that the community benefits from our real estate investments.

1. **Access to Housing:** SoLa has 4,900+ affordable housing units operating or in the pipeline.
2. **Access to Education:** Through the SoLa Technology and Entrepreneurship Center, we educate and train low-income Black and brown youth so they can pursue high paying careers in tech and entertainment.
3. **Access to Capital:** We partner with BIPOC-led local developers, architects, and contractors to enable entrepreneurs to drive job creation and economic activity.
4. **Access to Homeownership:** We build “attainable homes” for sale at-cost through our Pathways to Homeownership program, removing barriers to intergenerational wealth.



## ESG PRACTICES

The following SoLa Impact Sustainability Practices have been developed in accordance with our Sustainability Mission and Pillars. They serve as our guide to embed practical strategies that support the overall business strategy and create added value into our day-to-day business operations. These practices will be monitored and reviewed annually by the Sustainability Manager, General Counsel, and SoLa Impact Executive Leadership Team. These Practices will be shared with all properties that SoLa Impact owns, all SoLa Impact employees, as well as disclosed to our investors and other stakeholders publicly on our website.

## ESG INVESTING

SoLa Impact integrates relevant, practical, and actionable ESG criteria into our investment processes for the purposes of analyzing ESG topics material to each transaction. Our ESG investing practices represent an essential aspect of the investment process for the purpose of identifying material ESG risks and opportunities throughout the investment cycle.

ESG assessments of material criteria are embedded into our routine procedures and reported during the due diligence process for acquisitions. The SoLa Impact Executive Team and Investment Committee are responsible for the consideration of the ESG assessments and decision-making throughout the investment cycle.

## ENVIRONMENTAL

SoLa Impact's environmental policies aim to mitigate risk, make effective use of natural resources, enhance the quality of life for our residents, reduce utility expenses for our residents, and drive operational excellence throughout the portfolio.

## ENERGY

SoLa Impact will work to reduce energy intensity and associated expenses for all assets by monitoring energy consumption, using energy efficient equipment, considering installment of PV solar and battery storage solutions, and incorporating energy management best practices into daily operations, wherever feasible.

Best practices and initiatives may include, but are not limited to:

- a. Complying with all jurisdictionally relevant green building codes, energy efficiency standards, and benchmarking regulations
- b. Ongoing benchmarking of energy usage in ENERGY STAR Portfolio Manager
- c. New construction projects are outfitted with ENERGY STAR-certified appliances, LED lighting, motion detectors, and smart controls
- d. Mandating that all new construction projects be built to be "solar-ready" meaning that an area of the roof is allocated to solar with appropriate conduits in place and ample space reserved on the building's electrical capacity
- e. Reviewing opportunities for on-site PV solar and battery storage at new construction and operating assets. Incorporate where appropriate
- f. Regular preventative maintenance and scheduled replacements toward high efficiency HVAC equipment and building systems
- g. Incorporating efficiency into decisions for building upgrades, capital expenditures, and major renovations
- h. Engaging residents in various energy management and sustainability/ ESG initiatives

## GHG EMISSIONS

SoLa Impact takes meaningful steps to calculate, track, and reduce its GHG emissions in both our corporate operations and investments. We follow the GHG Protocol to develop our scopes 1, 2, and 3 GHG emissions inventories. The GHG Protocol, created and managed by the World Resources Institute (WRI) and the World



Business Council for Sustainable Development (WBCSD), is the world's most comprehensive standardized framework to measure and manage GHG emissions.

To that end, SoLa Impact reports on both location-based and market-based Scope 2 emissions. We report on Scope 3 emissions associated with the tenant-controlled spaces in our downstream leased assets, a material category for SoLa Impact as an apartment owner/operator. In future years, we will work toward including additional Scope 3 categories in our reporting. As of today, SoLa Impact's GHG Emissions Profile is:

- **Scope 1:** Natural gas usage at our corporate headquarters and within the common area portions of our multifamily housing properties
- **Scope 2:** Electricity usage at our corporate headquarters and within the common area portions of our multifamily housing properties
- **Scope 3:** Natural gas and electricity usage in the tenant-controlled portions of our multifamily housing properties

SoLa Impact's GHG emissions will be tracked and managed in ENERGY STAR Portfolio Manager and reduced in accordance with the energy efficiency measures implemented as part of SoLa Impact's Energy Practices. In the future, we seek to get our reported emissions independently verified by a third-party vendor.

## WATER

SoLa Impact will work to reduce water consumption and associated expenses for all properties through the monitoring of consumption, use of water efficient equipment, and incorporation of water management best practices into daily operations, wherever feasible.

Best practices and initiatives may include, but are not limited to:

- Complying with all jurisdictionally relevant green building codes, water efficiency standards, and benchmarking regulations
- Ongoing benchmarking of water usage in ENERGY STAR Portfolio Manager
- Installing low-flow showers, toilets, and fixtures
- Using smart irrigation and low-impact development (LID) planters to collect and treat rainwater, store it underground, and irrigate the landscaping
- Implementing appropriate water monitoring technology and solutions to identify leaks, save money, and reduce associated risks more quickly
- Regular preventative maintenance of all applicable water-use systems, such as irrigation systems, toilet flappers, urinals, hot water heaters, faucets, showers, and pools

## WASTE

SoLa Impact will work to reduce landfill waste through implementing waste management best practices and purchasing recycled content materials wherever feasible

Best practices and initiatives may include, but not be limited to:

- Providing recycling to all properties
- Ensuring that waste signage is clear and easily understood by residents and building visitors
- Purchasing building materials with recycled content for major renovations and building upgrades, such as recycled content carpet and ceiling tiles
- Purchasing consumable materials with recycled content, such as recycled or biodegradable paper products, copy paper, paper towels, and bathroom tissue
- Selecting materials that have a longer lifespan such as engineered wood floors versus carpet or opting for soft-close kitchen cabinets to strategically increase longevity and reduce maintenance



## BUILDING MATERIALS

SoLa Impact strives to provide high quality affordable housing that enhances the health and wellness of our residents during new construction and redevelopment initiatives. To that end, we avoid the use of materials that are known to adversely affect human health and the environment. Moreover, we preference materials that have longer lifecycles.

Best practices and initiatives may include, but not be limited to:

- Avoiding materials with known toxic ingredients such as: asbestos, formaldehyde, volatile organic compounds (VOCs), ash, cadmium, mercury, lead, arsenic, and phthalates
- Using third-party validated sustainable products and services that reduce environmental and human health impacts including but not limited to: Sustainable Forestry Initiative (SFI), ENERGY STAR-certified, EPA Safer Choice
- Eliminating cutting the overproduction of excess material by standardizing, simplifying, and replicating the design of our multifamily buildings such as specifying 8' interior ceiling heights to match the industry standard 8' wood studs and industry standard 4'x 8' drywall sheets and plywood
- Utilizing low-VOC adhesives, sealants, paints, stains, and finishes
- Purchasing local materials and importing local fill wherever feasible
- Pursuing off-site prefabricated modular construction, whenever feasible, to reduce material waste in a controlled factory environment

## TRANSIT-ORIENTED DEVELOPMENT

SoLa Impact is committed to reducing transportation emissions, minimizing parking, and encouraging active modes of transportation such as walking, cycling, bus, and rail throughout the communities we invest.

Best practices and initiatives may include, but not be limited to:

- Selecting sites for development that prioritize a community-centric, high-density urban infill approach to affordable housing as opposed to urban sprawl or gentrification
- Selecting sites for development that are located within a ½ mile of a major public transit stop thus reducing transportation emissions while eliminating the cost of car ownership for our residents
- Designing sites with minimal vehicle parking and maximum bicycle parking to encourage active transportation methods in the dense transit networks that we operate in
- Pursuing off-site prefabricated modular construction, whenever feasible, to reduce transportation emissions since workers and materials are delivered to one location, thus greatly reducing vehicle miles travelled (VMT)

## BIODIVERSITY AND HABITAT

SoLa Impact assesses and analyzes environmental risks associated with the natural habitat of the land, including any risk mitigation needs and costs related to surrounding biodiversity.

Best practices and initiatives may include, but not be limited to:

- Identifying soil and water characteristics including their contamination levels
- Identifying soil and water, water restoration possibilities and mitigation needs, as well as related costs to reduce or avoid community risks
- Analyzing land topography to avoid removal of native material where practical, which could cause an environmental disturbance
- Evaluating the biodiversity and natural habitat of the site to minimize disruption and maximize preservation opportunities
- Utilizing native plants as well as drought-tolerant plants for landscaping and open space to reduce stress on the local environment



## GREEN BUILDING CERTIFICATIONS

SoLa Impact is committed to building above and beyond today's sustainability standards. We believe that green building certifications are an effective way to show third-party validated proof; however, they add significant costs to affordable housing projects intended to serve low-income communities.

Best practices and initiatives may include, but not be limited to:

- SoLa's multifamily buildings typically exceed the US Green Building Council's LEED standard for Building Design and Construction; however, we have historically not sought LEED certification due to the additional cost it adds to build affordable housing
- SoLa's corporate headquarters ("The Beehive") will strive to renew our existing third-party certifications (Green Building Initiative's Green Globes) to showcase our operational excellence and corporate sustainability

## SOCIAL

SoLa Impact believes in our motto of "Doing Well by Doing Good." Our social impact model adopts a data-driven, solution-oriented approach that is centered on racial equity and social determinants of health. SoLa Impact provides a holistic solution to keeping people housed through high-quality affordable housing, resident social services, and active outbound referrals. SoLa Impact works to end intergenerational poverty by providing access to educational and economic opportunities, careers in tech, and workforce training throughout the communities we invest.

Our social impact policies apply to our engagement with all relevant stakeholders including but not limited to investors, employees, residents, local governments, NGOs, vendors, and general community members from the areas in which we invest.

## RESIDENT AND COMMUNITY HEALTH AND WELLBEING

SoLa Impact proudly houses the most vulnerable populations of our society including low-income Black and brown communities, formerly homeless, survivors of domestic violence, and other groups. We invest exclusively in tough neighborhoods that other developers, owners, and operators typically avoid. SoLa Impact is fervently committed to mitigating California's housing and homeless crisis through the development and preservation of high-quality affordable housing. SoLa Impact demonstrates our commitment to enhancing the quality of life of our residents' satisfaction through resident engagement and support services that are tailored to each property.

Resident support services include, but are not limited to:

- Onboarding surveys for each new resident to identify their basic needs and better align the support services that SoLa Impact provides
- Monthly resident relations newsletter to increase communication efforts and create a stronger sense of community amongst our residents. The newsletter includes programming from our Foundation, NGO resources, and exclusive resident offerings
- Connecting residents with case managers and working with leading non-profit service providers to support our residents that are formerly homeless or suffer from mental health illnesses
- Distributing technology and resources directly to our residents and their families
- Inspiring the next generation of Black and brown leaders in technology and entrepreneurship via the SoLa Tech & Entrepreneurship Center

The impact of the built environment on human health has become an important aspect of sustainable high-performance buildings, particularly housing. SoLa Impact understands this impact and is committed to owning and managing assets that meet or exceed healthy building criteria.

Best practices and initiatives may include, but not be limited to:



- Meet or exceed ASHRAE outdoor air ventilation rate guidelines to control indoor sources of odors, chemicals, and carbon dioxide
- Use only low/no volatile organic compound (VOC) paints and finishes
- Prevent water stagnation in pipes and test water quality as appropriate
- Conduct regular indoor air quality (IAQ) evaluations and testing and install IAQ sensors
- Use high efficiency filter vacuums
- Immediately address noise complaints as soon as feasible
- Meet fire safety and carbon monoxide monitoring standards
- Institute smoke-free building policies and signs
- Institute requirements for property level safety and security including emergency procedures emergency procedures drills and communicate regularly with occupants

## DIVERSITY, EQUITY, AND INCLUSION

As evident in our Diversity, Equity, and Inclusion policy, SoLa Impact is committed to fostering, cultivating and preserving a culture of diversity, equity and inclusion. Our human capital is the most valuable asset we have. The collective sum of the individual differences, life experiences, knowledge, inventiveness, innovation, self-expression, unique capabilities, and talent that our employees invest in their work represents a significant part of not only our culture, but our reputation and the SoLa Impact's achievement as well. We embrace and encourage our employees' differences in age, color, disability, ethnicity, family or marital status, gender identity or expression, language, national origin, physical and mental ability, political affiliation, race, religion, sexual orientation, socio-economic status, veteran status, and other characteristics that make our employees unique.

SoLa Impact is committed to fostering, cultivating, and preserving a culture of diversity, equity, and inclusion (DEI). Our human capital is the most valuable asset we have, and our success is reliant on the collective sum of the individual differences. We embrace and encourage our employees' differences in age, color, disability, ethnicity, family or marital status, gender identity or expression, language, national origin, physical and mental ability, political affiliation, race, religion, sexual orientation, socio-economic status, veteran status, and other characteristics that make our employees unique.

SoLa Impact' DEI initiatives are applicable, but not limited to, our practices on:

- Recruitment and selection
- Compensation and benefits
- Professional development and training
- Promotions, transfers, and professional growth
- Social and recreational programs
- Layoffs and terminations

We focus on developing a work environment built on gender and diversity equity that encourages and enforces:

- Respectful communication and cooperation between all employees
- Teamwork and employee participation, permitting the representation of all groups and employee perspectives
- Work/life balance through flexible work schedules to accommodate employees' varying needs
- Employer and employee contributions to the communities we serve to promote a greater understanding and respect for diversity

All employees have a responsibility to treat others with dignity and respect at all times. All employees are expected to exhibit conduct that reflects inclusion during work, at work functions on or off the work site, and at all other company-sponsored and participative events. All employees are also required to attend and complete annual diversity awareness training to enhance their knowledge to fulfill this responsibility. Any employee found to have exhibited any inappropriate conduct or behavior against others may be subject to disciplinary action, up to and including termination of employment. Employees who believe they have been subjected to any kind of





discrimination that conflicts with the company's diversity policy and initiatives should seek assistance from their direct supervisor or Human Resources.

## EMPLOYEE SAFETY

SoLa Impact is committed to providing a safe workplace for our workers. All employees should abide by all posted instructions at all Company offices relating to workplace safety. At all times, but particularly during the pendency of any Public Health Order, employees should contact Human Resources if the employee has any questions regarding the current workplace safety expectations. The Office of General Counsel will endeavor to keep all employees updated with any changes to the Company workplace safety policy and guidelines as those requirements change in accordance with applicable Public Health Orders.

## EMPLOYEE PERFORMANCE AND CAREER DEVELOPMENT

In order to attract and retain a highly qualified and competent work force, SoLa Impact has instituted a performance management program to compensate employees in a fair and equitable manner based upon demonstrated job performance and in accordance with its Equal Employment Opportunity and Diversity, Equity, and Inclusion policy. Through this program, employees will receive constructive work reviews designed to address performance and skill developmental needs and interests.

SoLa Impact will foster this culture through establishing clear performance objectives and may support employee performance and career development through the following ways:

- Encouraging employees to engage in relevant training opportunities, including formal training sessions, employee coaching and mentoring and participation in conferences
- Funding the cost of training materials and professional certifications for personnel where applicable
- Facilitating employee resource groups to provide space for subgroups to work amongst their peers and excel in their roles

## EMPLOYEE HEALTH AND WELLNESS

SoLa Impact strives to create an extraordinary corporate working environment that facilitates positive health and wellness for our employees. SoLa Impact recognizes the importance of good nutrition, regular physical activity, and reduced sedentary time in the prevention of chronic disease and the maintenance of health and wellbeing. As such, we are committed to creating a workplace culture that supports and encourages regular physical activity and facilitating active participation of workers in a range of initiatives that promote increased physical activity, reduced sitting time, and healthy eating options.

Strategies and initiatives for employee health and wellness include but are not limited to:

- Supporting reduced sitting time through available standing height tables/desks or workstations
- Providing participation opportunities in sports teams, group fitness activities and/or fitness challenges
- Encouraging walking meetings whenever feasible
- Providing ample outdoor space and biophilic elements at our corporate headquarters
- Providing healthy food and drink options wherever feasible
- Ensuring catering and onsite food outlets have healthy food and drink choices
- Installing water purification and water bottle filling stations if necessary and wherever feasible

Best practices for the operations and management of the corporate offices to ensure employee health and wellness may include but not be limited to:

- Meet or exceed ASHRAE outdoor air ventilation rate guidelines to control indoor sources of odors, chemicals, and carbon dioxide
- Use only low/no volatile organic compound (VOC) paints and finishes
- Prevent water stagnation in pipes and test water quality as appropriate
- Conduct regular indoor air quality (IAQ) evaluations and testing and install IAQ sensors



- Use high efficiency filter vacuums
- Immediately address noise complaints as soon as feasible
- Meet fire safety and carbon monoxide monitoring standards
- Institute smoke-free building policies and signs
- Institute requirements for property level safety and security including emergency procedures emergency procedures drills and communicate regularly with occupants

## STAKEHOLDER ENGAGEMENT

SoLa Impact understands the impact that stakeholders have on our business and operations. Therefore, we are committed to engagement with our key stakeholders to facilitate two-way interaction and provide transparency of our programs and progress, particularly around our ESG efforts and, in turn, drive performance because of our strengthened relationships. Relevant stakeholders include but are not limited to investors, employees, residents, local governments, NGOs, vendors, and general community members from the areas in which we invest.

Stakeholder engagement best practices and initiatives may include but not be limited to:

- Engaging stakeholder groups to develop and maintain positive and productive relationships and ensure that our investments are meeting the community needs of which we are invested in
  - Providing transparency to our stakeholders through annual reporting on ESG matters, topics, and metrics
  - Conducting resident satisfaction surveys, including questions around ESG topics
  - Conducting employee satisfaction surveys, including questions around engagement, professional development, and ESG topics
- Providing training and support services for residents and employees around industry best practices and ESG topics

## GOVERNANCE

A cornerstone of SoLa Impact's business philosophy is strong corporate governance, high ethical standards, and professional responsibility. Underlying all business activities is a focus on staying true to our core values of care, commit, contribute, collaborate, create, close the loop, and cash. We take pride in our efforts towards transparency with our stakeholders, as well as our diligent compliance with laws, regulations, and industry standards, and an uncompromising commitment to our Code of Ethics and Business Conduct.

## EMPLOYEE PARTICIPATION

To ensure compliance and strict adherence to the SoLa Impact compliance requirements, government regulations, and industry standards, our employees are required to participate in annual training that includes:

- Personal trading policies and preclearance requirements
- Misuse of material non-public information
- Relationships in the workplace
- Confidential and proprietary information
- Use of company resources
- Conflicts of interest
- Outside employment
- Gifts, meals, and entertainment
- Reporting requirements regarding gifts
- Work product ownership
- Reporting misconduct
- Political contributions
- IT, cybersecurity, and data privacy
- External communications (media, marketing, and advertising)
- Fraud
- Whistleblower policy and mechanisms



SoLa Impact also seeks to implement a corporate governance framework that provides appropriate levels of oversight in the areas of audit, risk management and potential conflicts of interest. The company maintains strict policies that prohibit bribery and other improper payments to public officials consistent with the U.S. Foreign Corrupt Practices Act and similar laws in other jurisdictions in which we invest. SoLa Impact values our reputation as an organization that conducts business with honesty and integrity, and we maintain a zero-tolerance approach to lapses in these areas.

SoLa Impact requires all employees to always comply with the SoLa Impact Employee Handbook and Code of Ethics and Business Conduct.